

Department of Administrative Services - State Accounting Enterprise

Section	Procedure No.	Page No.	Effective Date
PRE-AUDIT	210.130	1 of 4	January 1, 2008
Subject TRAVEL – GENERAL – STATE OWNED VEHICLES USE FOR PERSONAL REASONS			

1. To provide the most economical travel at State expense, State of Iowa employees shall utilize State owned vehicles whenever possible for the performance of State business. Chapter 8A.363, Code of Iowa, however, does provide that the DAS-GSE-Fleet & Mail Services may approve the payment to State officers and employees for the use of their privately owned vehicle to conduct State business at a rate not to exceed the maximum allowable under the federal Internal Revenue Service rules. Pursuant to these statutory provisions, the DAS-GSE-Fleet & Mail Services establishes the following payment rates:
 - a. \$0.39 per business mile will be authorized to State of Iowa employees for the use of their private vehicle, when authorized by their department.
 - b. Other rates of payment may be authorized by the Director of the DAS for the State business use of privately owned vehicles which have been substantially modified or specially equipped as required for use by persons with disabilities.
2. Employee Requests for Accommodation

Employees may request a reasonable accommodation for their vehicular requirements for the performance of their essential job functions. Such requests shall be processed utilizing the guidelines established in Chapter 4 of the Managers and Supervisors Manual (Departments refer to Section 4.66).

Departments are authorized to approve employee requests for vehicular accommodation up to 10,000 miles annually. Upon department determination that a vehicular accommodation is best provided by the utilization of the employee's personal vehicle for the performance of essential job duties, the employee will receive payment for the business use of their private vehicle at \$0.39 per mile, unless qualified under the provisions of paragraph 1.b. above. A copy of Form No. CFN 552-0574 shall be furnished to the DAS-GSE-Fleet & Mail Services for recording purposes.

Employees requesting a reasonable accommodation for their vehicular requirements who drive or an anticipated to drive more than 10,000 annually, shall forward their request (Form No. CFN 552-0574) to the Vehicle Accommodation Review Committee established by the DAS-GSE-Fleet & Mail Services determination of the most appropriate method of accommodation.

Annual review of the methods utilized to provide accommodations may be performed by department supervisors and the Review Committee established by the DAS-GSE-Fleet & Mail Services.

Department of Administrative Services - State Accounting Enterprise

Section	Procedure No.	Page No.	Effective Date
PRE-AUDIT	210.130	2 of 4	January 1, 2008
Subject TRAVEL – GENERAL – STATE OWNED VEHICLES USE FOR PERSONAL REASONS			

3. Volunteers and Member of Board and Commissions

Members of boards or commissions and members of the public volunteering their services to the State of Iowa shall receive the \$0.39 per mile rate for the use of their private vehicle in the conduct of official business.

4. In conjunction with Code section 8A.363, the DAS-GSE-Fleet & Mail Services has delegated authority to officials and department heads for use of private vehicles up to a maximum of 12,000 miles annually on a fiscal year basis, beginning July 1st of each year. It should be noted the terminology used in this section also applies to board and commission members.

NOTE: Because this change is being implemented for the last half of fiscal year FY08, the limit for January 1 – June 30, 2008, will be a maximum of 6,000 miles, subject to a maximum total of 15,000 miles for the entire fiscal year. (The 15,000 mile provision will only affect those employees who have been reimbursed for 9,000 miles or more from July 1, 2007 to December 31, 2007.) The 12,000 mile limit on a fiscal year basis will take full affect on July 1, 2008, the start of fiscal year 2009. This limit does not apply to exceptions granted for those employees who have waivers through DAS-GSE-Fleet & Mail Services based on need for specialized accommodations.

5. The Tax Reform Act of 1984, as revised in 1985 in Public Law 99-44, enacted new regulations concerning the taxability of fringe benefits relating specifically to the non-business use of automobiles. (These rules remain in effect in the Tax Reform Act of 1986.) These regulations created a new reporting responsibility for the State of Iowa as an employer when certain situations exist that involve state employees using state vehicles for commuting purposes.
- When an employee uses a state-owned automobile within the city or metropolitan area which is the employee's tax home, the commuting from the employee's home to the first stop and from the last stop to the employee's home each day is a taxable fringe benefit. This is synonymous to commuting from the employee's home to the office or other location of the employer.
 - When the employee leaves home and makes the first stop outside the metropolitan area that is the employee's tax home the use of a state automobile would be a working condition fringe not subject to tax.
 - Law enforcement (police) officers who are driving a state vehicle, and, who take their state automobile home with them at night do not have a taxable fringe benefit.
 - The taxable fringe benefit is the equivalent of \$3.00 per round trip (\$1.50 one way) each time a state car is used for commuting purposes (see item (a) above to see what

Department of Administrative Services - State Accounting Enterprise

Section	Procedure No.	Page No.	Effective Date
PRE-AUDIT	210.130	3 of 4	January 1, 2008
Subject TRAVEL – GENERAL – STATE OWNED VEHICLES USE FOR PERSONAL REASONS			

constitutes commuting). The amount of taxable income from the use of a state automobile is subject to federal and state withholding, as well as FICA. The taxable amounts must be handled through the Human Resource Information System (HRIS).

- (1) Reporting of commuting in HRIS can be done on a pay period, monthly or quarterly basis. However, an employee who does commute extensively will have a larger tax bite out of one paycheck if the commuting miles are reported on a quarterly basis. It will be necessary to report at least quarterly in order to have correct taxable wages on quarterly reports that HRIS must file. The amount to report is \$1.50 for each one-way trip or \$3.00 for each round trip.
 - (2) The amount to be reported for an employee should be entered on a P-1 document in the field titled "Commute Miles Pay". The amount reported on the P-1 document will remain in HRIS as additional earnings to the employee until another P-1 document is submitted to change the amount or to zero out the amount. Any figure reported in this field will be subject to federal withholding tax, state withholding tax and FICA.
 - (3) After the appropriate taxes have been calculated and deducted on the employee's paycheck, HRIS is programmed to deduct the amount reported in the "Commute Miles Pay" field of the P-1 document from the gross pay amount on the paycheck. Quarterly, a report of this activity is sent to departments.
- e. It is important to remember that the above mentioned rules and guidelines do not supplant the authority granted to the DAS-GSE-Fleet & Mail Services in the assignment, control and use of state-owned vehicles, as contained in Section 8A of the Code of Iowa.

Department of Administrative Services - State Accounting Enterprise

Section	Procedure No.	Page No.	Effective Date
PRE-AUDIT	210.130	4 of 4	January 1, 2008
Subject TRAVEL – GENERAL – STATE OWNED VEHICLES USE FOR PERSONAL REASONS			



Iowa Department of
Administrative Services

Director's Office

Chester J. Culver, Governor
Patty Judge, Lt. Governor

Mollie K. Anderson, Director

November 16, 2007

MEMORANDUM

TO: Department Directs and Elected Officials

FR: Mollie Anderson, Director

RE: Mileage Reimbursement Policy

After thoroughly researching the mileage reimbursement policy and gaining input from the Governor's office, departments, and union representatives, the mileage reimbursement policy will change. Effective January 1, 2008, the mileage reimbursement rate for driving a privately owned motor vehicle for state business will be raised to a rate of \$0.39 per mile. The rate shall be used regardless of availability of vehicles available from the State motor pool.

The change in the policy for the increase in the mileage reimbursement rate is based on these reasons:

- Research showed Iowa had one of the lowest reimbursement rates;
- Increased costs of fuel created a hardship on employees who travel for state business, especially with the increase of fuel prices;
- Agency support for the increased rate.

Also, effective January 1, 2008, the authority delegated to officials and department heads by the DAS-GSE Fleet Services for the use of private vehicles has been reduced from 15,000 to 12,000 miles annually on a fiscal year basis; see revised DAS Accounting Policy and Procedure 210.130. Because this change is being implemented for the last half of this fiscal year, the limit for January 1 – June 30, 2008, will be a maximum of 6,000 miles, subject to a maximum total of 15,000 miles for the entire fiscal year. (The 15,000 mile provision will only affect those employees who have been reimbursed for 9,000 miles or more from July 1 to December 31, 2007.) The 12,000 mile limit on a fiscal year basis will take full effect on July 1, 2008, the start of fiscal year 2009. This limit does not apply to exceptions granted for those employees who have waivers through DAS/GSE Fleet Services based on need for specialized accommodations.

DAS is committed to help manage vehicle usage costs. DAS/GSE-Fleet Services will work with departments to provide information on the use of the state fleet to help offset agency travel budget increases. DAS/GSE-Fleet Services is available for the consultation on the costs of renting vehicles from the motor pool and may be contacted at 515-281-7702.

The full policy will be sent next week to all financial managers. If you have questions, please contact me.